

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

MAILING ONLINE EXPERIMENT

Docket No. MC2000-2

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS PLUNKETT TO INTERROGATORIES OF
THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T5-1-3)

The United States Postal Service hereby provides the responses of witness Plunkett to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-T5-1-3, filed on December 17, 1999.

Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Scott L. Reiter

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December 28, 1999

**RESPONSE OF POSTAL SERVICE WITNESS PLUNKETT TO INTERROGATORIES
OF THE OFFICE OF THE CONSUMER ADVOCATE**

OCA/USPS-T5-1. Please refer to Exhibit D in your testimony, page 27, at line 6 in the "Total" column. Please confirm that the amount \$29,083,518 should be changed to \$30,303,918. If you do not confirm, please explain.

OCA/USPS-T5-1 Response. Confirmed. A revised exhibit D is appended.

Exhibit D
Mailing Online Cost and Revenue Summary (corrected)
Years 1 - 3

	<u>Source</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Total</u>
(1) Printer Costs	Exhibit C	\$ 62,841,355	\$ 111,785,835	\$ 173,571,529	\$ 348,198,720
(2) Variable IT Costs	USPS-2A, Table 6, Item 32	1,279,226	1,643,119	1,889,420	4,811,765
(3) Total Markup Costs	(1) + (2)	64,120,581	113,428,954	175,460,949	353,010,485
(4) Revenue at 30% Markup	1.3 * (3)	\$ 83,356,756	\$ 147,457,640	\$ 228,099,234	\$ 458,913,630
(5) Contribution	(4) - (3)	19,236,174	34,028,686	52,638,285	105,903,145
Other Costs					
(6) Product Specific IT Costs	USPS-2A, Table 16	\$10,426,623	\$11,470,296	\$8,406,999	\$30,303,917
(7) Advertising Costs	USPS-2A, Table 15	725,000	725,000	725,000	2,175,000
(8) Incremental Costs	(6) + (7)	\$75,272,204	\$125,624,250	\$184,592,948	\$385,489,402
(9) Experimental Revenue/Incremental Costs	(4) / (8)	110.7%	117.4%	123.6%	119.0%

(6) Product specific IT costs include pre-experiment costs which have been spread evenly throughout the three years of the experiment.

NOTE: Shaded areas have been changed

**RESPONSE OF POSTAL SERVICE WITNESS PLUNKETT TO INTERROGATORIES
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OCA/USPS-T5-2. Please refer to Exhibit E in your testimony, page 29, at line 5, "Information System Costs." Please confirm that the fee for Information Systems Costs for "First Class" and "Standard A" should be \$0.002 and \$0.008, respectively. If you do not confirm, please explain.

OCA/USPS-T5-2 Response. Confirmed. A revised Exhibit E is appended.

Exhibit E

Mailing Online Sample Fees (corrected)

Year 1

			First Class	Standard A
		Note	Black & White 8.5X11 - 2 Page Simplex	Spot Color 8.5X11 - 8 Page Simplex
(1)	Impression Costs	One impression per sheet	\$ 0.034	\$ 0.181
(2)	Paper Costs		\$ 0.009	\$ 0.038
(3)	Envelope Costs		\$ 0.015	\$ 0.047
(4)	Insertor Costs		\$ 0.024	\$ 0.030
(5)	Information Systems Costs		\$ 0.002	\$ 0.008
(6)	Transportation Costs		\$ 0.000	\$ 0.006
(7)	Subtotal	[(1)+(2)+(3)+(4)+(5)+(6)]	\$ 0.084	\$ 0.310
(8)	Contribution	(7)*.3	\$ 0.025	\$ 0.093
(9)	Fee	[(7)+(8)]	\$ 0.109	\$ 0.403
(10)	Postage	R-97 Rates	\$ 0.270	\$ 0.245
(11)	Total Postage & Fee	[(9)+(10)]	\$ 0.379	\$ 0.648

Note: Unit costs from Exhibit B
Shaded areas have been changed.

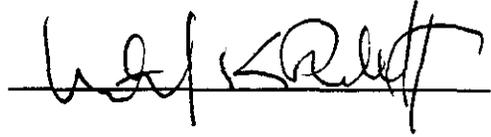
**RESPONSE OF POSTAL SERVICE WITNESS PLUNKETT TO INTERROGATORIES
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OCA/USPS-T5-3. Please refer to your testimony in this proceeding and your testimony (USPS-T-5) in Docket No. MC98-1. Please identify any assumptions or methodological approaches in your testimony in this proceeding that are different from the assumptions made or methodological approaches used in your testimony in Docket No. MC98-1. Please explain the significance of, and your rationale for, any changes identified.

OCA/USPS-T5-3 Response. Please refer to page 8 of my testimony, USPS-T-5.

DECLARATION

I, Michael K. Plunkett, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

A handwritten signature in black ink, appearing to read "Michael K. Plunkett", is written over a horizontal line.

Dated: 12/28/99

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

A handwritten signature in black ink, appearing to read "Scott L. Reiter", written over a horizontal line.

Scott L. Reiter

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